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Vol. 2260

2-7793 UNION LIGHT HEAT & POWER CO

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SECTIONS

Financial Statements	2
Management's Discussion	3
Financial Statements-Continued	6
Notes To Financial Statements	8
Other Information	8
Signatures	9

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file no. 2-7793

THE UNION LIGHT, HEAT AND POWER COMPANY

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

KENTUCKY	31-0473080
(State of Incorporation)	(I.R.S. Employer Identification No.)

139 EAST FOURTH ST., CINCINNATI, OHIO	45202
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

513-381-2000
(REGISTRANT'S TELEPHONE NUMBER)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X . No .

Capital Shares, Par Value $15.00 Per Share
485,333 Shares Outstanding as of April 30, 1992

THE UNION LIGHT, HEAT AND POWER COM
STATEMENT OF INCOME

	Three Months March 31 1992	
OPERATING REVENUES		
Electric	$37,540,465	$3
Gas	25,803,954	2
Total operating revenues	63,344,419	6
OPERATING EXPENSES		
Electricity purchased from parent company for resale	30,686,018	2
Gas purchased	15,377,048	1
Other operation	8,069,903	
Maintenance	1,624,731	
Provision for depreciation	2,028,082	
Taxes other than income taxes	1,000,590	
Federal income taxes	1,715,830	
State income taxes	462,530	
Deferred income taxes--net	(1,217,527)	(
Investment tax credits--net	(71,832)	
Total operating expenses	59,675,373	5
OPERATING INCOME	3,669,046	
OTHER INCOME AND DEDUCTIONS		
Allowance for other funds used during construction	(37,390)	
Other income and deductions--net	(32,269)	
Total other income and deductions	(69,659)	
INCOME BEFORE INTEREST CHARGES	3,599,387	
INTEREST CHARGES		
Interest on long-term debt	1,762,343	
Other interest	250,303	
Amortization of debt discount, premium and other	8,520	
Allowance for borrowed funds used during construction--credit.	(39,455)	
Net interest charges	1,981,711	
NET INCOME	$ 1,617,676	$
EARNINGS PER CAPITAL SHARE (485,333 shares outstanding)	$ 3.33	$
DIVIDENDS DECLARED PER CAPITAL SHARE	$ --	$

E UNION LIGHT, HEAT AND POWER COMPANY
STATEMENT OF INCOME

	Three Months Ended March 31		Twelve Months Ended March 31	
	1992	1991	1992	1991
.....	$37,540,465	$37,543,557	$153,362,615	$141,417,803
.....	25,803,954	27,727,799	57,026,547	58,378,105
.....	63,344,419	65,271,356	210,389,162	199,795,908
le.....	30,686,018	28,081,773	114,973,459	105,817,649
.....	15,377,048	17,081,242	31,838,409	34,368,382
.....	8,069,903	7,622,236	31,603,407	28,908,454
.....	1,624,731	1,620,212	7,353,756	6,966,478
.....	2,028,082	1,896,761	7,787,420	7,259,296
.....	1,000,590	848,244	3,454,882	3,094,294
.....	1,715,830	3,097,964	825,724	1,013,400
.....	462,530	834,173	170,743	407,333
.....	(1,217,527)	(1,406,868)	1,214,710	1,172,798
.....	(71,832)	(71,823)	(219,566)	(289,683)
.....	59,675,373	59,603,914	199,002,944	188,718,401
.....	3,669,046	5,667,442	11,386,218	11,077,507
.....	(37,390)	56,865	198,022	122,967
.....	(32,269)	(32,986)	(72,422)	(109,358)
.....	(69,659)	23,879	125,600	13,609
.....	3,599,387	5,691,321	11,511,818	11,091,116
.....	1,762,343	1,762,343	7,049,375	6,308,384
.....	250,303	108,738	1,194,258	639,051
.....	8,520	9,297	34,558	42,144
ion--credit.	(39,455)	(146,779)	(483,187)	(481,329)
.....	1,981,711	1,733,599	7,795,004	6,508,250
.....	$ 1,617,676	$ 3,957,722	$ 3,716,814	$ 4,582,866
ng).....	$ 3.33	$ 8.15	$ 7.66	$ 9.44
.....	$ --	$ --	$ 5.00	$ 3.00

THE UNION LIGHT, HEAT AND POWER COMPANY

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Electric operating revenues increased by $11.9 million for the twelve month period ended March 31, 1992 over the comparable period of 1991 due to a 6.0% increase in electric sales volumes and to a rate increase that became effective in October 1990.

Gas operating revenues decreased by $1.9 million for the three month period ended March 31, 1992 from the comparable period of 1991 due to a decrease in total volumes sold and transported of 4.6% and the operation of an adjustment clause reflecting a decrease in the cost of gas purchased. Gas operating revenues decreased by $1.4 million for the twelve month period ended March 31, 1992 from the comparable period of 1991 due to a 4.7% decrease in total volumes sold and transported.

The cost of electricity purchased increased $2.6 million and $9.2 million for the three and twelve month periods ended March 31, 1992, over the comparable periods of 1991 due to increases of 7.9% and 4.0%, respectively, in the average cost per Kwh purchased and to increases of 1.3% and 4.5%, respectively, in the amount of electricity purchased. For information regarding the increased cost of electricity purchased, see Notes to Financial Statements herein.

Gas purchased expense decreased $1.7 million and $2.5 million for the three and twelve month periods ended March 31, 1992, from the comparable periods of 1991 due to decreases in average cost per Mcf purchased of 7.6% and 4.0%, respectively, and due to decreases of 2.5% and 3.5%, respectively, in gas volumes purchased.

Other operation expense increased $.4 million for the three month period ended March 31, 1992 over the comparable period of 1991 due to a number of factors including wage increases. The $2.7 million increase in other operation expense for the twelve month period ended March 31, 1992 over the comparable period of 1991 was due to a number of factors including wage increases, increases in gas and electric distribution expenses and increases in the provision for uncollectible accounts.

Maintenance expense increased $.4 million for the twelve month period ended March 31, 1992 over the comparable period of 1991 due to increased maintenance on electric distribution facilities.

Provision for depreciation increased $.5 million for twelve month period ended March 31, 1992 over the comparable period of 1991 due to an increase in depreciable property.

Taxes other than income taxes increased $.4 million for the twelve month period ended March 31, 1992 over the comparable period of 1991 primarily due to increased property taxes resulting from a greater investment in taxable property and higher property tax rates.

Interest on long-term debt and other interest increased by $1.3 million for the twelve month period ended March 31, 1992 over the comparable period of 1991 due to the issuance of additional first mortgage bonds in November 1990 and higher levels of short-term borrowings.

Liquidity and Capital Resources

The construction expenditures for Union Light for the first quarter of 1992 were approximately $6.8 million and are expected to be $28.4 million for the year 1992. Over the next five years (1992-1996), construction expenditures are expected to be $150.8 million. These estimates are under continuing review and subject to adjustment. Construction and financing plans for the future are dependent on, among other things, the amount and timing of rate changes, sales volumes, changes in construction plans, market conditions, regulatory actions and the ability to obtain financing. Short-term indebtedness will be used to supplement internal sources of funds for the interim financing of the construction program. The Federal Energy Regulatory Commission (FERC) has authorized Union Light to issue a maximum amount of short-term indebtedness of $35 million through December 31, 1992, and $25.5 million of short-term borrowings were outstanding at March 31, 1992.

Future Outlook

Union Light's future earnings will be affected by its ability to secure adequate and timely rate relief.

In October 1991, Union Light's parent, The Cincinnati Gas & Electric Company (CG&E) filed an application with FERC requesting an annual increase of $28.1 million applicable to its wholesale electric customers, primarily Union Light. Effective February 13, FERC issued an order permitting CG&E to implement the wholesale rate increase applicable to Union Light, subject to refund, pending a determination by FERC of the final amount of the rate increase to be authorized. As a result of the FERC order, Union Light began paying on February 13, subject to refund, the higher wholesale rates for electricity purchased from CG&E. Union Light requested the Kentucky Public Service Commission (KPSC) to defer from February 13 through May 3 the additional cost of purchased power charged to it by CG&E. Union Light also requested carrying costs be accrued on the deferred costs and that such amounts be amortized and recovered in its current rate case. In April 1992, Union Light's request was denied by the KPSC. Union Light has filed for a rehearing on this matter.

In November 1991, Union Light filed a request with the KPSC to increase annual electric revenues by $29.7 million, consisting of a $25.0 million pass-through of the proposed wholesale rate increase from CG&E presently pending before FERC and a $4.7 million retail increase for Union Light. On May 5, 1992, the KPSC authorized Union Light an annual increase in electric revenues of $22.3 million, subject to refund, pending determination by FERC of the final amount of the wholesale rate increase for CG&E. The order permitted the pass-through of $25.0 million in wholesale rates from CG&E, subject to refund, but made numerous adjustments which resulted in a decrease in the retail portion of Union Light's rates of $2.7 million, producing the $22.3 million increase granted. Union Light is studying the order and intends to file a petition for rehearing with the KPSC.

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THE UNION LIGHT, HEAT AND POWER COMPANY

STATEMENT OF CASH FLOWS

	Three Months Ended March 31 1992	1991
Cash Flows From Operations:		
Net Income	$ 1,617,676	$ 3,957,722
Adjustments to reconcile net income to net cash:		
Deferred gas and electric fuel costs -- net	3,737,933	4,414,206
Depreciation	2,028,082	1,896,761
Allowance for other funds used during construction	37,390	(56,865)
Deferred income taxes and investment tax credits -- net	(1,289,359)	(1,478,691)
Other -- net	(17,622)	367,730
Change in current assets and liabilities:		
Receivables and unbilled revenues	(795,700)	(6,528,683)
Materials and supplies	1,836,945	408,696
Other current assets	(20,757)	388,166
Accounts payable and other current liabilities	(869,701)	1,637,095
Total adjustments	4,647,211	1,048,415
Net cash provided by operations	6,264,887	5,006,137
Cash Flows From Investing:		
Construction expenditures (less allowance for other funds used during construction)	(6,807,439)	(7,218,083)
Cash Flows From Financing:		
Long-term debt proceeds	--	--
Retirement of long-term debt	--	--
Net short-term borrowings	500,000	1,500,000
Dividends paid on capital shares	--	--
Net cash provided by (used in) financing activities	500,000	1,500,000
Net increase (decrease) in cash and temporary cash investments	(42,552)	(711,946)
Cash and temporary cash investments -- beginning of period	1,559,310	1,753,795
Cash and temporary cash investments -- end of period	$ 1,516,758	$ 1,041,849
Supplemental Disclosure Of Cash Flow Information:		
Cash paid during the period for:		
Interest (net of allowance for borrowed funds used during construction)	$ 1,312,347	$ 1,098,108
Income taxes	$ 775	$ 159,700

HT, HEAT AND POWER COMPANY

MENT OF CASH FLOWS

	Three Months Ended March 31		Twelve Months Ended March 31	
	1992	1991	1992	1991
..	$ 1,617,676	$ 3,957,722	$ 3,716,814	$ 4,582,866
..	3,737,933	4,414,206	1,222,722	233,638
..	2,028,082	1,896,761	7,787,420	7,259,296
..	37,390	(56,865)	(198,022)	(122,967)
..	(1,289,359)	(1,478,691)	988,530	883,359
..	(17,622)	367,730	1,219,706	2,706,880
..	(795,700)	(6,528,683)	3,692,373	(5,982,829)
..	1,836,945	408,696	(695,896)	(437,321)
..	(20,757)	388,166	100,139	(321,503)
..	(869,701)	1,637,095	1,014,612	4,111,530
..	4,647,211	1,048,415	15,131,584	8,330,083
..	6,264,887	5,006,137	18,848,398	12,912,949
..	(6,807,439)	(7,218,083)	(30,946,824)	(29,593,783)
..	--	--	--	29,568,750
..	--	--	--	(5,000,000)
..	500,000	1,500,000	15,000,000	(6,500,000)
..	--	--	(2,426,665)	(1,455,999)
..	500,000	1,500,000	12,573,335	16,612,751
..	(42,552)	(711,946)	474,909	(68,[illegible]3)
..	1,559,310	1,753,795	1,041,849	1,109,932
..	$ 1,516,758	$ 1,041,849	$ 1,516,758	$ 1,041,849
..	$ 1,312,347	$ 1,098,108	$ 7,737,481	$ 5,703,177
..	$ 775	$ 159,700	$ 2,236,667	$ (651,272)

THE UNION LIGHT, HEAT AND POWER COMPANY

BALANCE SHEET

ASSETS

	March 31 1992	December 31 1991
UTILITY PLANT	$288,935,254	$283,041,478
Less--Accumulated provisions for depreciation	84,089,827	82,684,287
	204,845,427	200,357,191
CURRENT ASSETS		
Cash	1,516,758	1,559,310
Accounts receivable--net	24,321,939	21,666,705
Accrued unbilled revenues	7,134,346	8,993,880
Materials and supplies	3,399,255	5,236,200
Prepayments	557,522	536,765
	36,929,820	37,992,860
DEFERRED DEBITS AND OTHER	5,947,935	3,988,623
	$247,723,182	$242,338,674

LIABILITIES

CAPITALIZATION		
Shareholders' equity	$ 76,050,026	$ 74,432,350
Long-term debt	75,900,174	75,895,284
	151,950,200	150,327,634
CURRENT LIABILITIES		
Notes payable	25,500,000	25,000,000
Accounts payable	3,509,698	6,789,777
Accounts payable to associated companies--net	14,272,015	14,531,465
Accrued taxes	3,338,255	1,257,698
Accrued interest on debt	2,397,402	1,736,558
Other	2,683,768	2,755,341
	51,701,138	52,070,839
DEFERRED CREDITS AND OTHER		
Deferred income taxes	25,490,631	25,079,412
Investment tax credits	6,156,882	6,228,714
Other	12,424,331	8,632,075
	44,071,844	39,940,201
	$247,723,182	$242,338,674

THE UNION LIGHT, HEAT AND POWER COMPANY

NOTES TO FINANCIAL STATEMENTS

The accompanying information reflects, in the opinion of the management of the Company, all adjustments necessary to present fairly the results for the interim periods. All such adjustments are of a normal recurring nature. Reference should be made to the Company's Form 10-K for the year 1991 for additional footnote disclosure, including a summary of significant accounting policies.

In October 1991, CG&E filed an application with FERC requesting an annual increase of $28.1 million applicable to its wholesale electric customers, primarily Union Light. Effective February 13, FERC issued an order permitting CG&E to implement the wholesale rate increase applicable to Union Light, subject to refund, pending a determination by FERC of the final amount of the rate increase to be authorized. As a result of the FERC order, Union Light began paying on February 13, subject to refund, the higher wholesale rates for electricity purchased from CG&E. Union Light requested the KPSC to defer from February 13 through May 3 the additional cost of purchased power charged to it by CG&E. Union Light also requested carrying costs be accrued on the deferred costs and that such amounts be amortized and recovered in its current rate case. In April 1992, Union Light's request was denied by the KPSC. Union Light has filed for a rehearing on this matter.

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PART II. OTHER INFORMATION

Item 5. Other Information.

Employee Relations

A new three-year contract has been negotiated with the Independent Utilities Union (IUU) representing approximately 80

clerical, manual and technical employees. In addition to benefit improvements, the contract provides for a 4% wage increase in 1992 for all IUU employees, a 1993 wage increase of 4% for IUU employees in manual and technical job classifications, a 1993 wage increase of 2.5%, plus a one-time lump sum payment of 2.2%, for IUU employees in clerical job classifications, and a wage reopener provision for all IUU employees in 1994.

Item 6. Exhibits and Reports on Form 8-K.

(b) No reports on Form 8-K were filed during the three months ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE UNION LIGHT, HEAT AND POWER COMPANY

(Registrant)

Date: May 14, 1992

DANIEL R. HERCHE

Daniel R. Herche, Controller
(Duly Authorized Officer
and Chief Accounting Officer)
(Signature)

Statement of Changes ---------- There are no differences between this document as filed and the document as it will be circulated.